

IOWA NORTHLAND REGIONAL
COUNCIL OF GOVERNMENTS

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2015

- Prepared By -

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IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS

MEMBERS

<u>Name</u>	<u>Representing</u>	<u>Name</u>	<u>Representing</u>
Larry Young, Chair	City of Shell Rock	Bonita Davis	City of Independence
Frank Magsamen, Vice-Chair	Black Hawk County	Gary Gissel	Buchanan County
Mark Schildroth, Secretary	Grundy County	Dave Swenumson	City of Ionia
Jon Crews, Treasurer	City of Cedar Falls	Sandi Carroll	City of Janesville
Rex Ackerman	Butler County	David Bishop	City of Jesup
Scot Henrichs	City of Allison	David Neil	City of LaPorte City
Everett Tenge	City of Alta Vista	Eleanor McGraw-Riley	City of Lamont
Jason Mehmen	City of Aplington	Mark Mueterthies	City of Lawler
Jack Bolles	City of Aredale	David Hach	City of Morrison
Jean Kivell	City of Aurora	Deanne Lantow	City of Nashua
Ann Smith	City of Beaman	Bob Martin	City of New Hampton
Guy Stacy	City of Brandon	Steve Geerts	Chickasaw County
Dennis Peterson	City of Bristow	David Geerts	City of North Washington
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Jeff Martin	City of Conrad	Perry Bernard	City of Parkersburg
Rod Diercks	City of Denver	Tom Geise	City of Plainfield
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Edward Jessen	City of Dunkerton	Dan Wedemeier	City of Readlyn
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Doug Faas	City of Evansdale	Rita Knutson	City of Rowley
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Kevin Lauderville	City of Hudson	Gerald Dennie	City of Winthrop



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Iowa Northland Regional Council of Governments
Waterloo, IA 50703

Report on the Financial Statements

I have audited the accompanying financial statements, listed as exhibits in the table of contents of this report, of the Iowa Northland Regional Council of Governments (INRCOG), as of and for the year ended June 30, 2015, and the related Notes to Financial Statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of INRCOG as of June 30, 2015, and the changes in financial position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 7 to the financial statements, INRCOG adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. My opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Schedule of the Agency's Proportionate Share of the Net Pension Liability and the Schedule of Agency Contributions on pages 4 through 7 and 23 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. I have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquires of management about methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise INRCOG's basic financial statements. The supplementary information included in Schedules 1 through 4, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In my opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated November 30, 2015 on my consideration of INRCOG's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering INRCOG's internal control over financial reporting and compliance.



Charles City, Iowa
November 30, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Iowa Northland Regional Council of Governments (INRCOG) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2015. I encourage readers to consider this information in conjunction with INRCOG's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- INRCOG's operating revenues decreased 4.8%, or \$273,835, from fiscal 2014 to fiscal 2015. Federal and state funds decreased due to less funds for individuals and businesses impacted by the floods of 2008.
- INRCOG's operating expenses were 12.8%, or \$726,655 less in fiscal 2015 than in fiscal 2014 due mainly to decreased expenses for flood programs.
- INRCOG's net position increased 14.1%, or \$427,493, from June 30, 2014 to June 30, 2015.

USING THIS ANNUAL REPORT

The Iowa Northland Regional Council of Governments is a 28E organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to INRCOG's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of INRCOG's financial activities.

The Statement of Net Position presents information on INRCOG's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of INRCOG is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on operating revenues and expenses, non-operating revenues and expenses and whether INRCOG's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in INRCOG's cash and cash equivalents during the year. This information can assist the use of the report in determining how INRCOG financed its activities and how it met its cash requirements.

Notes to the Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with the Agency's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the revenues, expenses and changes in net position, in addition to providing detailed information about the grant activity. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the Agency.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of INRCOG's financial position. INRCOG's net position for fiscal 2015 totaled approximately \$3,446,128. This compares to approximately \$3,891,737 at the end of fiscal 2014. A summary of INRCOG's net position is presented below.

	June 30,	
	2015	2014 (not restated)
Current assets	\$2,987,033	\$2,876,577
Non-current assets	358,372	183,639
Capital assets at cost, less accumulated depreciation	1,648,761	1,607,230
Total assets	<u>\$4,994,166</u>	<u>\$4,667,446</u>
Deferred outflow of resources	\$ 53,591	\$ -
Current liabilities	\$ 730,887	\$ 775,709
Noncurrent liabilities	630,346	-
Total liabilities	<u>\$1,361,233</u>	<u>\$ 775,709</u>
Deferred inflow of resources	\$ 240,396	\$ -
Net position:		
Reserved	\$ 267,706	\$ 170,175
Unreserved	<u>3,178,422</u>	<u>3,721,562</u>
Total net position	<u>\$3,446,128</u>	<u>\$3,891,737</u>

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The beginning net position was restated \$873,102 to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received from federal grants, state grants, and other local sources. Operating expenses are to operate the transit systems and programs. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues, expenses and changes in net position for the years ended June 30, 2015 and 2014 is presented below:

Changes in Net Position

	Year Ended June 30,	
	2015	2014 (not restated)
Operating Revenues:		
Grants	\$2,787,046	\$3,217,807
Program reimbursements and other local sources	<u>2,550,531</u>	<u>2,393,605</u>
Total operating revenues	<u>\$5,337,577</u>	<u>\$5,611,412</u>
Operating Expenses	<u>4,924,343</u>	<u>5,650,998</u>
Operating Income (loss)	<u>\$ 413,234</u>	<u>\$ (39,586)</u>
Non-operating revenues (expenses):		
Interest income	\$ 12,205	\$ 12,294
Interest expense	-	(1,934)
Gain on sale of fixed assets	<u>2,054</u>	<u>-</u>
Net non-operating revenues (expenses)	<u>\$ 14,259</u>	<u>\$ 10,360</u>
Change in net position	\$ 427,493	\$ (29,226)
Net position beginning of year, as restated	<u>3,018,635</u>	<u>3,920,963</u>
Net position end of year	<u>\$3,446,128</u>	<u>\$3,891,737</u>

The Statement of Revenues, Expenses and Changes in Net Position reflects an increase in the net position at the end of the fiscal year.

- Net position for the year increased \$427,493. This increase was due to decreased grant expenditures.
- INRCOG's operating expenses (without depreciation) were \$4,802,366 and operating revenues were \$5,337,577. With depreciation, the total expenses were \$4,924,343 and operating revenues remained at \$5,337,577.
- State funds and federal funds for the year totaled \$2,787,046. These same funding sources for the previous fiscal year totaled \$3,217,807. These same funding sources are projected to decrease from fiscal year 2015 to fiscal year 2016 due to decreased funds available for flood recovery.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by the operating activities includes federal and state support, program reimbursements and other revenue, reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes principal payments and the purchase of capital assets. Cash provided by investing activities includes interest income.

CAPITAL ASSETS

At June 30, 2015, INRCOG had approximately \$1,648,761 invested in capital assets, net of accumulated depreciation of approximately \$1,781,380. Depreciation expense totaled \$121,977 for fiscal year 2015. More detailed information about INRCOG's capital assets is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

The Iowa Northland Regional Council of Government's Board of Directors (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2016 budget and fees that will be charged for Agency activities. INRCOG general operations are expected to remain consistent with the previous year, but could vary according to contracts received during the year.

CONTACTING INRCOG'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of INRCOG's finances and to show INRCOG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Iowa Northland Regional Council of Governments, 229 E Park Avenue, Waterloo, IA 50703.

Basic Financial Statements

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Iowa Northland</u> <u>Regional</u> <u>Transit</u> <u>Commission</u>	<u>Council</u> <u>of</u> <u>Governments</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 441,478	\$1,468,137	\$1,909,615
Investments (at cost)	102,457	204,914	307,371
Accounts receivable	91,990	629,051	721,041
Notes receivable	-	46,266	46,266
Prepaid expenses	-	2,740	2,740
Total current assets	<u>\$ 635,925</u>	<u>\$2,351,108</u>	<u>\$2,987,033</u>
Noncurrent assets:			
Notes receivable	<u>\$ -</u>	<u>\$ 358,372</u>	<u>\$ 358,372</u>
Fixed assets:			
Furniture and equipment	\$ 54,126	\$ 134,196	\$ 188,322
Vehicles - unrestricted	160,808	-	160,808
Vehicles - restricted	1,157,464	-	1,157,464
Building and improvements	-	1,923,547	1,923,547
Total	<u>\$1,372,398</u>	<u>\$2,057,743</u>	<u>\$3,430,141</u>
Less accumulated depreciation	<u>(1,182,473)</u>	<u>(598,907)</u>	<u>(1,781,380)</u>
Net fixed assets	<u>\$ 189,925</u>	<u>\$1,458,836</u>	<u>\$1,648,761</u>
Total assets	<u>\$ 825,850</u>	<u>\$4,168,316</u>	<u>\$4,994,166</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pension related deferred outflows	<u>\$ 45,497</u>	<u>\$ 8,094</u>	<u>\$ 53,591</u>
LIABILITIES:			
Current liabilities:			
Trade accounts payable	\$ 70,825	\$ 184,837	\$ 255,662
Accrued wages and payroll taxes payable	13,255	21,949	35,204
Accrued benefits payable	6,927	17,462	24,389
Unearned revenue	-	415,632	415,632
Total current liabilities	<u>\$ 91,007</u>	<u>\$ 639,880</u>	<u>\$ 730,887</u>
Noncurrent liabilities:			
Net pension liability	<u>\$ 112,430</u>	<u>\$ 517,916</u>	<u>\$ 630,346</u>
Total liabilities	<u>\$ 203,437</u>	<u>\$1,157,796</u>	<u>\$1,361,233</u>
DEFERRED INFLOW OF RESOURCES:			
Unavailable revenues:			
Pension related deferred inflows	<u>\$ 42,878</u>	<u>\$ 197,518</u>	<u>\$ 240,396</u>
NET POSITION:			
Reserved (Note 2)	\$ 147,718	\$ 119,988	\$ 267,706
Unreserved	<u>477,314</u>	<u>2,701,108</u>	<u>3,178,422</u>
Total net position	<u>\$ 625,032</u>	<u>\$2,821,096</u>	<u>\$3,446,128</u>

See Notes to Financial Statements.

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2015**

	<u>Iowa Northland</u>		
	<u>Regional Transit Commission</u>	<u>Council of Governments</u>	<u>Total</u>
OPERATING REVENUES:			
Federal funds	\$ 481,567	\$1,979,773	\$2,461,340
State funds	325,706	465,476	791,182
Local funds:			
Contract revenue	1,097,995	744,589	1,842,584
Membership revenue	-	99,230	99,230
In kind	-	126,711	126,711
Miscellaneous	3,823	12,707	16,530
Total operating revenues	<u>\$1,909,091</u>	<u>\$3,428,486</u>	<u>\$5,337,577</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	\$ -	\$ 925,993	\$ 925,993
Drivers' salaries and benefits	251,510	-	251,510
Travel	-	19,798	19,798
Meals	-	5,610	5,610
Seminars	-	3,630	3,630
Telephone/internet	865	5,745	6,610
Contracted services	192,321	1,855,554	2,047,875
Office supplies	428	8,757	9,185
Miscellaneous	146	438	584
Postage	901	9,145	10,046
Bad debt	330	6,672	7,002
Copy expense	1,866	4,940	6,806
Advertising and notices	2,888	3,438	6,326
Professional memberships	2,557	12,495	15,052
Recording fees	-	284	284
Administrative overhead	63,168	-	63,168
Transportation cost	1,162,364	-	1,162,364
Administrative expense - EDA RLF	-	5,382	5,382
Provision for forgivable loan	-	114,173	114,173
Administrative expense - INRHC	-	2,250	2,250
Relocation	-	1,466	1,466
Insurance	27,652	23,632	51,284
Equipment maintenance	-	12,145	12,145
Service agreement	-	16,416	16,416
Utilities	-	18,775	18,775
Inspections	-	897	897
Printing	-	782	782
Depreciation	63,805	58,172	121,977
Legal and accounting	18,224	16,905	35,129
Radio service	1,824	-	1,824
Total operating expenses	<u>\$1,790,849</u>	<u>\$3,133,494</u>	<u>\$4,924,343</u>
Operating Income	<u>\$ 118,242</u>	<u>\$ 294,992</u>	<u>\$ 413,234</u>
Non-operating revenues (expenses):			
Interest income	\$ 1,507	\$ 10,698	\$ 12,205
Gain (loss) on sale of fixed assets	2,102	(48)	2,054
Net non-operating revenues (expenses)	<u>\$ 3,609</u>	<u>\$ 10,650</u>	<u>\$ 14,259</u>

(continued)

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2015

	Iowa Northland		
	Regional	Council	
	Transit	of	
	Commission	Governments	Total
Change in net position	\$ 121,851	\$ 305,642	\$ 427,493
Net position beginning of year, as restated	503,181	2,515,454	3,018,635
Net position end of year	<u>\$ 625,032</u>	<u>\$2,821,096</u>	<u>\$3,446,128</u>

See Notes to Financial Statements.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2015

	Iowa Northland		
	Regional	Council	
	Transit	of	
	Commission	Governments	Total
Cash flows from operating activities:			
Cash received from membership revenue	\$ -	\$ 99,230	\$ 99,230
Cash received from contract fees	1,146,016	842,407	1,988,423
Cash received from miscellaneous sources	3,823	12,707	16,530
Cash received from state operating grants	325,706	465,476	791,182
Cash received from federal operating grants	359,919	2,028,311	2,388,230
Cash paid for salaries and benefits	(247,463)	(927,498)	(1,174,961)
Cash paid for administration	(1,526,571)	(2,321,353)	(3,847,924)
Net cash provided (used) by operating activities	<u>\$ 61,430</u>	<u>\$ 199,280</u>	<u>\$ 260,710</u>
Cash flows from capital and related financing activities:			
Cash received from federal capital grants	\$ 121,648	\$ -	\$ 121,648
Net acquisition of fixed assets	(152,062)	(11,496)	(163,558)
Cash received from asset sales	<u>2,102</u>	<u>-</u>	<u>2,102</u>
Net cash used capital and related financing activities	<u>\$ (28,312)</u>	<u>\$ (11,496)</u>	<u>\$ (39,808)</u>
Cash flows from investing activities:			
Cash paid for investments	\$ (426)	\$ (851)	\$ (1,277)
Interest received	1,507	10,698	12,205
Net cash provided by investing activities	<u>\$ 1,081</u>	<u>\$ 9,847</u>	<u>\$ 10,928</u>
Net increase (decrease) in cash	\$ 34,199	\$ 197,631	\$ 231,830
Cash and cash equivalents beginning of year	<u>407,279</u>	<u>1,270,506</u>	<u>1,677,785</u>
Cash and cash equivalents end of year	<u>\$ 441,478</u>	<u>\$1,468,137</u>	<u>\$1,909,615</u>
Reconciliation of operating income to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 118,242	\$ 294,992	\$ 413,234
Adjustments for long-term non-cash items:			
Depreciation	63,805	58,172	121,977
Revenues and expenses not classified as operating	(121,648)	(174,731)	(296,379)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivables and notes	51,893	68,893	120,786
(Increase) decrease in prepaid expenses	-	1,865	1,865
(Decrease) increase in accounts payable	(51,037)	(172,024)	(223,061)
(Decrease) increase in accrued wages payable	2,021	(349)	1,672
(Decrease) increase in accrued benefits payable	2,026	(1,156)	870
(Decrease) in unearned revenue	-	175,697	175,697
Increase (decrease) in net pension liability	(17,819)	(317,813)	(335,632)
(Increase) decrease in deferred outflow of resources	(28,931)	68,216	39,285
Increase (decrease) in deferred inflow of resources	<u>42,878</u>	<u>197,518</u>	<u>240,396</u>
Net cash provided (used) by operating activities	<u>\$ 61,430</u>	<u>\$ 199,280</u>	<u>\$ 260,710</u>
Supplemental disclosure of cash flow information:			
Interest paid	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(1) Organization

The Iowa Northland Regional Council of Governments (INRCOG) is an Inter-Governmental Council, established in accordance with provisions of Chapter 28E of the State Code of Iowa (Inter-Governmental Cooperation Agreement). The area of jurisdiction is Region 7 which includes Black Hawk, Bremer, Buchanan, Butler, Chickasaw, and Grundy counties. INRCOG's powers and duties are those authorized by Chapter 28H of the State of Iowa (Councils of Governments). INRCOG provides professional and technical services on a regional basis to maintain area-wide certification for state and federal grant and aid projects. It also provides planning advisory services and assistance in preparing special planning documents and applications to its members. INRCOG also provides transportation services to the elderly, disabled and rural areas through the Iowa Northland Regional Transit Commission. In performing its duties, INRCOG may contract with and expend funds from federal, state, and local agencies, public or semi-public agencies and private individuals and Corporations.

Reporting Entity

For financial reporting purposes, INRCOG has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with INRCOG are such that exclusion would cause INRCOG's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of INRCOG to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on INRCOG. INRCOG has no component units which meet the Governmental Accounting Standards Board criteria.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accounts of INRCOG are organized as an Enterprise Fund. Enterprise Funds are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

(b) Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(2) Summary of Significant Accounting Policies - continued

INRCOG applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

INRCOG distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the INRCOG's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(c) Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources and Net Position

The following accounting policies are followed in preparing the Statement of Net Position:

Cash and Cash Equivalents - The cash balances are invested. For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, they have a maturity date no longer than three months.

Investments - Investments are stated at cost which approximates market.

Notes Receivable - This account is utilized to record revolving loan funds loaned to eligible homeowners with the intent that if certain target performances have been satisfied, a portion of the loans may be forgiven.

Capital Assets - Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

Reportable capital assets are defined by INRCOG as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Furniture and Equipment	\$ 250
Vehicles	500
Moving Costs	500
Leasehold Improvements	500
Building and Improvements	500

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(2) Summary of Significant Accounting Policies - continued

Capital assets of INRCOG are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful lives (In years)</u>
Furniture and Equipment	5
Vehicles	5
Moving Costs	5
Leasehold Improvements	5-39
Building and Improvements	5-39

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Accrued Benefits Payable - Accrued benefits payable are earned vacation time and have been accrued as liabilities on the statement of net position. These current liabilities have been computed based on rates of pay in effect at June 30, 2015.

Unearned Revenue - Unearned revenue represents dues received from members for the next year and various grant advanced funding.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources represent that amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(2) Summary of Significant Accounting Policies - continued

Reserved Net Position - The Council of Government's reserved net position represents the reserve for revolving loan funds. The Agency received grant funds to establish revolving loan funds for housing needs.

The Regional Transit Commission's reserved net position represents the portion of federal participation in the purchase of transit vehicles and related equipment. Subsequent disposition of assets purchased with federal funds are subject to certain restrictions.

(3) Cash and Investments

INRCOG's deposits in banks at June 30, 2015 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

INRCOG is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

INRCOG had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

Interest rate risk - INRCOG's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of INRCOG.

(4) Capital Assets

A summary of capital assets for the year ended June 30, 2015 is as follows:

<u>Iowa Northland Regional Council of Governments</u>	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 134,082	\$ 620	\$ 506	\$ 134,196
Building and improvements	<u>1,912,671</u>	<u>10,876</u>	<u>-</u>	<u>1,923,547</u>
Total capital assets being depreciated	<u>\$2,046,753</u>	<u>\$ 11,496</u>	<u>\$ 506</u>	<u>\$2,057,743</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(4) Capital Assets - continued

Less: accumulated depreciation for:

<u>Iowa Northland Regional Council of Governments</u>	<u>Balance Beginning of year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 122,327	\$ 7,499	\$ 456	\$ 129,370
Building and improvements	418,864	50,673	-	469,537
Total accumulated depreciation	\$ 541,191	\$ 58,172	\$ 456	\$ 598,907
Total capital assets, net	<u>\$1,505,562</u>	<u>\$ (46,676)</u>	<u>\$ 50</u>	<u>\$1,458,836</u>
<u>Iowa Northland Regional Transit Commission</u>	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance End of Year</u>
Furniture and equipment	\$ 54,126	\$ -	\$ -	\$ 54,126
Vehicles - unrestricted	148,533	30,412	18,137	160,808
Vehicles - restricted	1,124,367	121,650	88,553	1,157,464
Total capital assets being depreciated	<u>\$1,327,026</u>	<u>\$ 152,062</u>	<u>\$ 106,690</u>	<u>\$1,372,398</u>

Less: accumulated depreciation for:

Furniture and equipment	\$ 54,126	\$ -	\$ -	\$ 54,126
Vehicles - unrestricted	126,328	10,408	18,137	118,599
Vehicles - restricted	1,044,904	53,397	88,553	1,009,748
Total accumulated depreciation	<u>\$1,225,358</u>	<u>\$ 63,805</u>	<u>\$ 106,690</u>	<u>\$1,182,473</u>
Total capital assets, net	<u>\$ 101,668</u>	<u>\$ 88,257</u>	<u>\$ -</u>	<u>\$ 189,925</u>

(5) Pension Plan

Plan Description. IPERS membership is mandatory for employees of the Agency, except for those covered by another retirement system. Employees of the Agency are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(5) Pension Plan - continued

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. (These qualifications must be met on the member's first month of entitlement to benefits.) Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

A multiplier (based on years of service).

The member's highest five-year average salary. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(5) Pension Plan - continued

The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the Agency contributed 8.93 percent for a total rate of 14.88 percent.

The Agency's total contributions to IPERS for the year ended June 30, 2015 were \$17,391 for Regional Transit Commission and \$69,716 for Council of Governments.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the Agency Regional Transit Commission (RTC) reported a liability of \$112,430 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. RTC's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, RTC's collective proportion was .002778 percent, which was a decrease of .00048 percent from its proportion measured as of June 30, 2013.

For the Year ended June 30, 2015, RTC recognized pension expense of \$13,518. At June 30, 2015, RTC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,222	\$ -
Changes of assumptions	4,962	-
Net difference between projected and actual earnings on pension plan investments	-	42,878
Changes in proportion and differences between Agency contributions and proportionate share of contributions	21,922	-
Agency contributions subsequent to the measurement date	<u>17,391</u>	<u>-</u>
Total	<u>\$ 45,497</u>	<u>\$ 42,878</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(5) Pension Plan - continued

\$17,391 reported as deferred outflows of resources related to pensions resulting from the Agency Regional Transit Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2016	\$ (4,153)
2017	(4,153)
2018	(4,153)
2019	(4,153)
2020	1,840
Total	<u>\$ (14,772)</u>

There were no non-employer contributing entities at IPERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the Agency Council of Governments (COG) reported a liability of \$517,916 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. COG's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the COG's collective proportion was .012797 percent, which was a decrease of .001963 percent from its proportion measured as of June 30, 2013.

For the Year ended June 30, 2015, the Council of Governments recognized pension expense of \$6,449. At June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 5,629	\$ -
Changes of assumptions	22,857	-
Net difference between projected and actual earnings on pension plan investments	-	197,518
Changes in proportion and differences between Agency contributions and proportionate share of contributions	(90,108)	-
Agency contributions subsequent to the measurement date	<u>69,716</u>	<u>-</u>
Total	<u>\$ 8,094</u>	<u>\$ 197,518</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(5) Pension Plan - continued

\$17,391 reported as deferred outflows of resources related to pensions resulting from the Agency Council of Governments contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Total
2016	\$ (63,778)
2017	(63,778)
2018	(63,778)
2019	(63,778)
2020	(4,028)
Total	<u>\$ (259,140)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-Term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(5) Pension Plan - continued

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	<u>1</u>	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Agency will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Agency's proportionate share of the net pension liability			
Regional Transit Commission	\$ 212,433	\$ 112,430	\$ 28,017
Council of Governments	\$ 978,587	\$ 517,916	\$ 129,061

Pension Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(6) Risk Management

INRCOG is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. INRCOG assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2015

(7) Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information.

In addition, GASB No. 68 required a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental activities was restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	<u>RTC Net Position</u>	<u>COG Net Position</u>
Net position June 30, 2014, as previously reported	\$ 616,864	\$3,274,873
Net pension liability at June 30, 2014	(130,249)	(835,729)
Change in outflows of resources related to contributions made after the June 30, 2013 measurement date	<u>16,566</u>	<u>76,310</u>
Net position July 1, 2014, as restated	<u>\$ 503,181</u>	<u>\$2,515,454</u>

Required Supplementary Information

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR *

REQUIRED SUPPLEMENTARY INFORMATION

	<u>RTC 2015</u>	<u>COG 2015</u>
Agency's proportion of the net pension liability (asset)	0.002778%	0.012797%
Agency's proportionate share of the net pension liability	\$ 112,430	\$ 518,916
Agency's covered-employee payroll	\$ 194,742	\$ 780,690
Agency's proportionate share of the net pension liability as a percentage of its covered-employee payroll	57.40%	66.30%
Plan fiduciary net position as a percentage of the total pension liability	87.61%	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

See Accompanying Independent Auditor's Report.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF AGENCY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST FISCAL YEAR

REQUIRED SUPPLEMENTARY INFORMATION

	<u>RTC</u> <u>2015</u>	<u>COG</u> <u>2015</u>
Statutorily required contribution	\$ 17,390	\$ 69,716
Contributions in relation to the statutorily required contribution	<u>(17,390)</u>	<u>(69,716)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Agency's covered-employee payroll	\$ 194,742	\$ 780,690
Contributions as a percentage of covered-employee payroll	8.93%	8.93%

See Accompanying Independent Auditor's Report.

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015**

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

In 2008, legislative action transferred four groups - emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

Decreased the inflation assumption from 3.25 percent to 3.00 percent

Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.

Adjusted male mortality rates for retirees in the Regular membership group.

Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.

Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted retiree mortality assumptions.

Modified retirement rates to reflect fewer retirements.

Lowered disability rates at most ages.

Lowered employment termination rates.

Generally increased the probability of terminating members receiving a deferred retirement benefit.

Modified salary increase assumptions based on various service duration.

**IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2015**

Changes of assumptions: - continued

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

Adjusted salary increase assumptions to service based assumptions.

Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.

Lowered the inflation assumption from 3.50 percent to 3.25 percent.

Lowered disability rates for sheriffs and deputies and protection occupation members.

Supplementary Information

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF PROGRAM NET POSITION
JUNE 30, 2015

	Housing Trust Funds	Other Programs	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 116,595	\$1,351,542	\$1,468,137
Investments (at cost)	-	204,914	204,914
Accounts receivable	-	629,051	629,051
Notes receivable	28,262	18,004	46,266
Prepaid expenses	-	2,740	2,740
Total current assets	<u>\$ 144,857</u>	<u>\$2,206,251</u>	<u>\$2,351,108</u>
Noncurrent assets:			
Notes receivable	\$ 91,601	\$ 266,771	\$ 358,372
Fixed assets:			
Furniture and equipment	\$ -	\$ 134,196	\$ 134,196
Building and improvements	-	1,923,547	1,923,547
Total	\$ -	\$2,057,743	\$2,057,743
Less accumulated depreciation	-	(598,907)	(598,907)
Net fixed assets	<u>\$ -</u>	<u>\$1,458,836</u>	<u>\$1,458,836</u>
Total assets	<u>\$ 236,458</u>	<u>\$3,931,858</u>	<u>\$ 4,168,316</u>
DEFERRED OUTFLOW OF RESOURCES:			
Pension restated deferred outflows	\$ -	\$ 8,094	\$ 8,094
LIABILITIES:			
Current liabilities:			
Trade accounts payable	\$ -	\$ 184,837	\$ 184,837
Accrued wages and payroll taxes	-	21,949	21,949
Accrued benefits payable	-	17,462	17,462
Unearned revenue	116,470	299,162	415,632
Total current liabilities	<u>\$ 116,470</u>	<u>\$ 523,410</u>	<u>\$ 639,880</u>
Noncurrent liabilities:			
Net pension liability	\$ -	\$ 517,916	\$ 517,916
Total Liabilities	<u>\$ 116,470</u>	<u>\$1,041,326</u>	<u>\$1,157,796</u>
DEFERRED INFLOW OF RESOURCES:			
Unavailable resources:			
Pension restated deferred inflows	\$ -	\$ 197,518	\$ 197,518
NET POSITION:			
Reserved (Note 2)	\$ 119,988	\$ -	\$ 119,988
Unreserved	-	2,701,108	2,701,108
Total net position	<u>\$ 119,988</u>	<u>\$2,701,108</u>	<u>\$2,821,096</u>

See Accompanying Independent Auditor's Report.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF SELECTED REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2015

	<u>Waterloo HTF</u>	<u>Waterloo HTF #2</u>	<u>HTF IX</u>
OPERATING REVENUES:			
Federal funds	\$ -	\$ -	\$ -
State funds	79,590	2,349	63,776
Local funds	20,271	-	15,000
Total operating revenues	<u>\$ 99,861</u>	<u>\$ 2,349</u>	<u>\$ 78,776</u>
OPERATING EXPENSES:			
Salaries and fringe benefits	\$ 4,977	\$ 1,223	\$ 7,464
Travel	-	-	126
Meals	-	-	-
Seminars	-	-	-
Telephone/internet	-	-	-
Contracted services	94,073	716	65,198
Office supplies	-	-	-
Miscellaneous	-	-	-
Postage	15	8	5
Bad debt	-	-	-
Copy expense	6	-	-
Advertising and notices	-	-	-
Professional memberships	-	-	-
Recording fees	-	-	14
Administrative overhead	1,636	402	2,453
Administrative expense - EDA RLF	-	-	-
Provision for forgivable loan	-	-	2,316
Administrative expense - INRHC	-	-	-
Relocation	-	-	-
Insurance	-	-	-
Equipment maintenance	-	-	-
Service agreement	-	-	-
Utilities	-	-	-
Inspections	-	-	-
Printing	-	-	-
Depreciation	-	-	-
Legal and accounting	-	-	-
Total operating expenses	<u>\$ 100,707</u>	<u>\$ 2,349</u>	<u>\$ 77,576</u>
Operating Income (loss)	<u>\$ (846)</u>	<u>\$ -</u>	<u>\$ 1,200</u>
Non-operating revenues (expenses):			
Interest income	\$ -	\$ -	\$ -
Gain (loss) on sale of fixed assets	-	-	-
Net non-operating revenues (expenses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in net position	<u>\$ (846)</u>	<u>\$ -</u>	<u>\$ 1,200</u>

HTF X	HTF XI	Other Programs	Total
\$ -	\$ -	\$1,979,773	\$ 1,979,773
301,432	18,329	-	465,476
44,500	2,940	900,526	983,237
<u>\$ 345,932</u>	<u>\$ 21,269</u>	<u>\$2,880,299</u>	<u>\$ 3,428,486</u>
\$ 17,084	\$ 1,877	\$ 893,368	\$ 925,993
234	79	19,359	19,798
-	-	5,610	5,610
-	-	3,630	3,630
10	-	5,735	5,745
195,250	12,740	1,487,577	1,855,554
-	-	8,757	8,757
-	-	438	438
155	7	8,955	9,145
-	-	6,672	6,672
544	-	4,390	4,940
-	19	3,419	3,438
-	-	12,495	12,495
175	7	88	284
5,615	617	(10,723)	-
-	-	5,382	5,382
111,251	5,923	(5,317)	114,173
-	-	2,250	2,250
-	-	1,466	1,466
-	-	23,632	23,632
-	-	12,145	12,145
-	-	16,416	16,416
-	-	18,775	18,775
-	-	897	897
-	-	782	782
-	-	58,172	58,172
-	-	16,905	16,905
<u>\$ 330,318</u>	<u>\$ 21,269</u>	<u>\$2,601,275</u>	<u>\$ 3,133,494</u>
\$ 15,614	\$ -	\$ 279,024	\$ 294,992
\$ -	\$ -	\$ 10,698	\$ 10,698
-	-	(48)	(48)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,650</u>	<u>\$ 10,650</u>
\$ 15,614	\$ -	\$ 289,674	\$ 305,642

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS
YEAR ENDED JUNE 30, 2015

	STA Operating Assistance	Section 18 Operating #18-0031- 070-15	Capital #85-0034- 070-14	15-RPA- R07
Operating Expenses:				
Contractual Services	\$325,634	\$1,074,984	\$ -	\$ 112,964
Capital Outlay	-	-	152,062	-
Prior Year	-	-	-	-
Project Cost	\$325,634	\$1,074,984	\$ 152,062	\$ 112,964
Grant Participation in Project Cost	100%	50%	80%	80%
Percentage Participation	<u>\$325,634</u>	<u>\$ 537,492</u>	<u>\$ 121,648</u>	<u>\$ 90,371</u>
Contract Amount	<u>\$325,634</u>	<u>\$ 359,919</u>	<u>\$ 148,332</u>	<u>\$ 88,479</u>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$325,634	\$ 359,919	\$ 121,648	\$ 88,479
Less: Grant Payments received in current year	(325,634)	(359,919)	(121,648)	(70,133)
Less: Grant Payments received in prior year	-	-	-	-
Grant Receivable/(Payable) at June 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,346</u>

(continued)

15-MPO INRCOG	14-MPO INRCOG	14-RPA- R07	HWY 58 Corridor	TAP-R 000S (713) 8T-00	CDBG 08-DRH- 201	CDBG 08-DRH- 001
\$ 269,811	\$ -	\$ -	\$ 359,539	\$ 13,366	\$ 852,163	\$ 169,778
-	-	-	-	-	-	-
-	278,211	110,420	442,268	-	3,646,226	1,738,869
\$ 269,811	\$ 278,211	\$ 110,420	\$ 801,807	\$ 13,366	\$4,498,389	\$1,908,647
80%	80%	80%	80%	80%	100%	100%
<u>\$ 215,849</u>	<u>\$ 222,569</u>	<u>\$ 88,336</u>	<u>\$ 641,446</u>	<u>\$ 10,693</u>	<u>\$4,498,389</u>	<u>\$1,908,647</u>
<u>\$ 235,690</u>	<u>\$ 273,294</u>	<u>\$ 91,535</u>	<u>\$ 969,680</u>	<u>\$ 160,000</u>	<u>\$4,906,274</u>	<u>\$2,277,643</u>
\$ 215,849	\$ 222,569	\$ 88,336	\$ 641,446	\$ 10,693	\$4,498,389	\$1,908,647
(150,240)	(57,056)	(30,940)	(283,431)	-	(1,077,459)	(208,052)
-	(165,513)	(57,396)	(281,375)	-	(3,259,374)	(1,697,157)
<u>\$ 65,609</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,640</u>	<u>\$ 10,693</u>	<u>\$ 161,556</u>	<u>\$ 3,438</u>

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF SELECTED PROJECT COSTS AND COMPUTATION OF SELECTED PROJECT GRANTS
YEAR ENDED JUNE 30, 2015

	EDA 05-83- 04738	EDA 05-79- 05378	Total
Operating Expenses:			
Contractual Services	\$ 194,100	\$ 134,067	\$ 3,506,406
Capital Outlay	-	-	152,062
Prior Year	156,250	104,349	6,476,593
Project Cost	<u>\$ 350,350</u>	<u>\$ 238,416</u>	<u>\$10,135,061</u>
Grant Participation in Project Cost	<u>75%</u>	<u>50%</u>	
Percentage Participation	<u>\$ 262,763</u>	<u>\$ 119,208</u>	<u>\$ 9,043,045</u>
Contract Amount	<u>\$ 750,000</u>	<u>\$ 115,900</u>	<u>\$10,702,380</u>
Permissible Grant (Lesser of Contract Amount or Percentage Participation)	\$ 262,763	\$ 115,900	\$ 8,860,272
Less: Grant Payments received in current year	(117,188)	(61,000)	(2,862,700)
Less: Grant Payments received in prior year	<u>-</u>	<u>(54,900)</u>	<u>(5,515,715)</u>
Grant Receivable/(Payable) at June 30, 2015	<u>\$ 145,575</u>	<u>\$ -</u>	<u>\$ 481,857</u>

See Accompanying Independent Auditor's Report.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2015

<u>GRANTOR/PROGRAM</u>	<u>CFDA NUMBER</u>	<u>AGENCY PASS-THROUGH NUMBER</u>	<u>PROGRAM EXPENDITURES</u>
Direct:			
Department of Commerce:			
Economic Development Administration:			
Planning Grant	11.302	05-83-05378	\$ 61,000
Economic Adjustment Assistance	11.307	05-83-04738	145,575
Total Direct Awards			<u>\$ 206,575</u>
Indirect:			
Department of Housing and Urban Development:			
Iowa Department of Economic Development:			
Black Hawk County:			
Community Development Block Grant			
Program	14.228	08-DRH-001	\$ 169,778
	14.228	08-DRH-201	852,163
			<u>\$1,021,941</u>
Department of Transportation:			
Iowa Department of Transportation:			
Highway Planning and Construction	20.205	15-RPA-R07	\$ 61,254
	20.205	15-MPO-R07	171,321
	20.205	NHSX-U-58-1 (91)	287,631
	20.205	TAP	10,693
			<u>\$ 530,899</u>
Metropolitan Transportation Planning	20.505	15-MPO-R07	\$ 44,528
Formula Grants for Rural Areas	20.509	18-0031-070-15	\$ 359,919
	20.509	85-0034-070-14	121,648
			<u>\$ 481,567</u>
State Planning and Research	20.515	15-RPA-R07	\$ 27,225
Total Indirect Awards			<u>\$2,106,160</u>
Total			<u>\$2,312,735</u>

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of INRCOG and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See Accompanying Independent Auditor's Report.



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors:
Iowa Northland Regional Council of Governments:

I have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of INRCOG, as of and for the year ended June 30, 2015, and the related Notes to Financial Statements, which collectively comprise the Agency's basic financial statements, and have issued my report thereon dated November 30, 2015.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered INRCOG's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of INRCOG's internal control. Accordingly, I do not express an opinion on the effectiveness of INRCOG's internal control.

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of INRCOG's financial statements will not be prevented or detected and corrected on a timely basis. No material weaknesses were noted.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings as item II-A-15 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether INRCOG's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and,

accordingly, I do not express such an opinion. The results of my tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Agency's operations for the year ended June 30, 2015 are based exclusively on knowledge obtained from procedures performed during my audit of the financial statements of the Agency. Since my audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

INRCOG's Response to the Finding

INRCOG's response to the finding identified in my audit is described in the accompanying Schedule of Findings. INRCOG's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

I would like to acknowledge the many courtesies and assistance extended to us by personnel of INRCOG during the course of my audit. Should you have any questions concerning any of the above matters, I shall be pleased to discuss them with you at your convenience.

A handwritten signature in cursive script that reads "Larry Pump".

Charles City, Iowa
November 30, 2015



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Directors:
Iowa Northland Regional Council of Governments:

Report on Compliance for Each Major Federal Program

I have audited Iowa Northland Regional Council of Government's (INRCOG's) compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on INRCOG's major federal programs for the year ended June 30, 2015. INRCOG's major federal programs are identified in Part I of the accompanying Schedule of Findings.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for INRCOG's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about INRCOG's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe my audit provides a reasonable basis for my opinion on compliance for the major federal programs. However, my audit does not provide a legal determination of INRCOG's compliance.

Opinion on Each Major Federal Program

In my opinion, INRCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The management of INRCOG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered INRCOG's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of INRCOG's internal control over compliance.

My consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. No deficiencies in internal control over compliance I consider to be material weaknesses were noted.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script, appearing to read "Larry Pump".

Charles City, Iowa
November 30, 2015

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2015

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) The major programs were CFDA Number 14.228 - Community Development Block Grant Program, CFDA Number 20.205 - Highway Planning and Construction and CFDA Number 20.509 - Non-Urban Assistance Project.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) INRCOG did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

II-A-15 Post-dated Checks - Agency checks are being post-dated. Checks written at the beginning of the month have been post-dated to show the prior month end as the date written.

Recommendation - Checks should be written in sequential order and dated as of the date written.

Response - We will do this.

Conclusion - Response acknowledged.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

No matters were noted.

IOWA NORTHLAND REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Findings
Year Ended June 30, 2015

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-15 Questionable Expenses - No expenses I believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-B-15 Travel Expense - No expenses of INRCOG money for travel expenses of spouses of INRCOG officials or employees were noted.
- IV-C-15 Business Transactions - No business transactions between INRCOG and INRCOG officials or employees were noted.
- IV-D-15 Bond Coverage - Surety bond coverage of INRCOG officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-E-15 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and INRCOG's investment policy were noted.
- IV-F-15 Board Minutes - No transactions were found that I believe should have been approved in the Board minutes but were not.